

United States Senate

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Schumer Study: Hundreds of Thousands of New Yorkers Bilked by "Instant Refunds" From Tax Preparation Companies

A new Schumer study found that almost 300,000 upstate New Yorkers are losing almost \$30 million to instant tax refund scams that charge up to 700% implicit interest rates. The average taxpayer spent an additional \$100 in hidden loans and usurious interest to get a refund only 10 days earlier than it would have been delivered otherwise. Tax preparation companies prey on taxpayers, often low income, with instant refund loans, or "Refund Anticipation Loans," (RAL) by offering tax refunds immediately. However, the loans include many hidden fees that amount to high interest short term loans.

Areas where these instant tax refunds are most rampant include Jefferson County, home of Fort Drum, and Sullivan County. In both areas the percentage of taxpayers bilked by these refund scams are almost twice that of the rest of the upstate New York.

The Schumer study is based on complete IRS data for the 2003 tax year, the most recent year that the IRS has complete tax data, and estimated costs of the Refund Anticipation Loans as calculated by the National Consumer Law Center and the Neighborhood Economic Development Advocacy Project.

In the **Capital Region**, **42,276** taxpayers received an instant tax refund. They lost an estimated **\$4.2 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Tax Refunds	Dollars Wasted on Instant Tax Refunds
Albany	12,242	\$1,224,200
Fulton	3,209	\$320,900
Montgomery	2,586	\$258,600
Rensselaer	7,225	\$722,500
Saratoga	6,668	\$666,800
Schenectady	6,763	\$676,300
Schoharie	965	\$96,500
Washington	2,618	\$261,800
Capital Region Total	42,276	\$4,227,600

In **Central New York** **33,911** taxpayers received an instant tax refund. They lost an estimated **\$3.4 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Tax Refunds	Dollars Wasted on Instant Tax Refunds
Onondaga	15,539	\$1,553,900
Oswego	5,184	\$518,400
Cortland	2,129	\$212,900
Madison	2,389	\$238,900
Oneida	8,670	\$867,000
Central New York Total	33,911	\$3,391,100

In the **Rochester-Finger Lakes**, **42,559** taxpayers received an instant tax refund. They lost an estimated **\$4.3 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Tax Refunds	Dollars Wasted on Instant Tax Refunds
Monroe	26,427	\$2,642,700
Cayuga	2,763	\$276,300
Livingston	1,810	\$181,000
Ontario	2,981	\$298,100
Schuyler	831	\$83,100
Seneca	1,223	\$122,300
Tompkins	2,164	\$216,400
Wayne	3,474	\$347,400
Yates	886	\$88,600
Finger Lakes Total	42,559	\$4,255,900

In the **Hudson Valley**, **61,376** taxpayers received an instant tax refund. They lost an estimated **\$6.1 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Tax Refunds	Dollars Wasted on Instant Tax Refunds
Westchester	21,781	\$2,178,100
Orange	12,120	\$1,212,000
Columbia	2,021	\$202,100
Dutchess	7,172	\$717,200
Greene	1,383	\$138,300
Putnam	1,004	\$100,400
Rockland	5,645	\$564,500
Sullivan	4,410	\$441,000
Ulster	5,840	\$584,000
Hudson Valley Totals	61,376	\$6,137,600

In **North Country**, **20,335** taxpayers received an instant tax refund. They lost an estimated **\$2.0 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Refunds	Dollars Wasted on Instant Tax Refunds
Clinton	2,619	\$261,900
St. Lawrence	3,748	\$374,800
Warren	2,583	\$258,300
Essex	1,030	\$103,000
Franklin	1,673	\$167,300
Hamilton	110	\$11,000
Herkimer	2,023	\$202,300
Jefferson	5,773	\$577,300
Lewis	776	\$77,600
North Country Total	20,335	\$2,033,500

In the **Southern Tier**, **25,018** taxpayers received an instant tax refund. They lost an estimated **\$2.5 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Refunds	Dollars Wasted on Instant Tax Refunds
Broome	7,676	\$767,600
Allegany	1,624	\$162,400
Chemung	4,350	\$435,000
Chenango	2,050	\$205,000
Delaware	1,381	\$138,100
Otsego	1,476	\$147,600
Steuben	4,239	\$423,900
Tioga	2,222	\$222,200
Southern Tier	25,018	\$2,501,800

In **Western New York**, **50,261** taxpayers received an instant tax refund. They lost an estimated **\$5.0 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

Country	Number of Taxpayers Bilked By Instant Refunds	Dollars Wasted on Instant Tax Refunds
Erie	30,327	\$3,032,700
Genesee	1,683	\$168,300
Niagara	8,059	\$805,900
Orleans	1,258	\$125,800
Wyoming	1,036	\$103,600
Cattaraugus	3,149	\$314,900
Chautauqua	4,749	\$474,900
Western New York Total	50,261	\$5,026,100